

## U.S. Department of Housing and Urban Development Office of Public and Indian Housing

**Special Attention:** 

Regional Directors; Public Housing

Office Directors of Public Housing; Issued: January 18, 2008

Agencies Expires: January 31, 2009

Cross References:

Notice PIH 2007-14 (HA); Notice PIH 2007-23 (HA)

**NOTICE: PIH-2008-4 (HA)** 

**SUBJECT:** Allocation of Funds Remaining under the Fiscal Year (FY) 2007 \$100 Million Set-Aside and Availability of Special Fees for Public Housing Agencies (PHAs) Needing Additional Funds in the Operation of the Housing Choice Voucher (HCV) Program.

- **1. PURPOSE** This Notice provides information regarding the disposition of the funds remaining under the FY 2007 \$100 million set-aside and the Special Fees described in paragraph 8(3) of Notice PIH 2007-14.
- **2. BACKGROUND.** The Revised Continuing Appropriations Resolution, 2007 (Revised CR 2007) (Public Law 110-5) enacted on February 15, 2007 provides that up to \$100 million shall be available only: (1) for adjustments for PHAs that experienced a significant increase, as determined by the Secretary, in renewal costs resulting from unforeseen circumstances or from portability under Section 8(r) of the Act for tenant-based rental assistance; and (2) for adjustments for PHAs that could experience a significant decrease in voucher funding that could result in the loss of voucher units due to the shift to using VMS data based on a 12-month period. This Notice advises public housing agencies (PHAs) of the Department's intent to allocate the funds remaining under the set-aside to all PHAs on a pro-rata basis.

Additionally, this Notice describes the Department's intent to allocate the Special Fees described in PIH Notice 2007-14, issued June 18, 2007. The Notice provides that approximately \$8 million will be available to the Secretary to allocate to PHAs that need additional funds to administer their Section 8 programs. The procedures in this Notice will provide specific information on eligibility for these additional funds.

**3.** ALLOCATION OF THE FUNDS REMAINING UNDER THE FY 2007 \$100 MILLION SET-ASIDE. PHAs were provided two opportunities to apply for the funds available under the FY 2007 \$100 million set-aside. After processing all eligible requests in accordance with the Appropriations Act provisions, there is approximately \$76 million remaining.

The Department will provide the remaining set-aside funds to all PHAs on the basis of their share of Housing Assistance Payments (HAP) renewal funding for Calendar Year (CY) 2007.

PHAs that lost HAP funding due to 1) Quality Assurance Division (QAD) reviews of CY 2006 Voucher Management System (VMS) data; 2) Office of Inspector General (OIG) audits; or 3) other actions, will have their share of the set-aside funds reduced proportionately. For these PHAs, HUD will subtract the amount of lost HAP from the PHA CY 2007 renewal funding amount prior to calculating the PHAs' eligible portion of the set-aside.

PHAs need take no action to receive these funds. A notification will be provided to each PHA identifying the amount to be provided along with the Consolidated Annual Contributions Contract (CACC) Amendment and revised funding exhibit. PHAs can expect to receive through this process additional funding of approximately one-half of one percent of the PHAs' CY 2007 HAP Renewal funding. These additional funds are to be used for HAP costs only, in the same manner as all CY 2007 HAP renewal funding. Unused amounts remaining at the end of CY 2007 will flow to the PHA's Net Restricted Assets account.

## **4. ALLOCATION OF THE ADDITIONAL SPECIAL FEES.** The Department has determined four categories for which these funds may be used:

- a) Up to \$500,000 for a one-time fee of \$5,000 for a PHA's implementation of a homeownership voucher program, as evidenced by the PHA having an initial homeownership closing during calendar years 2006 and 2007 as reported in the PIH Information Center (PIC). PHAs that previously received an administrative fee of \$5,000 for an initial implementation of a homeownership voucher program in a prior CY are not eligible to claim an additional \$5,000 at anytime. The Department will determine eligibility for the \$5,000 fee and will automatically assign the funds to eligible PHAs.
- b) Up to \$500,000 for audits. An audit with agreed upon procedures may be required for a Housing Choice Voucher (HCV) program if the agency is part of a larger general purpose government that has not declared the HCV program a major fund or a non-profit agency whose programs are mostly non-housing in nature. The PHA in that case may need to procure an audit **if the PHA's HCV related programs are over the A-133 Audit Threshold**. PHAs should confirm the need to undertake an audit with agreed upon procedures by submitting hard copy requests to:

Office of Housing Choice Voucher Programs Financial Management Division Room 4232 451 7<sup>th</sup> St. SW Washington, D.C. 20410

Faxes or e-mails will not be accepted.

The PHA's request for audit funds must include a statement that the agency is part of a larger general purpose government that has not declared the HCV program a major fund or a non-profit, an identification of that government or agency, a statement of the HCV program

projected share of the government's or agency's audit cost, and a copy of the proposal with cost for the special purpose audit. If the need for an audit with agreed upon procedures is approved, the Department will reimburse the PHA for the incremental cost of the audit that is above the amount the HCV program would have contributed to the audit of the general purpose government or non-profit. PHAs may use this fee for their audits for FY ending 2007.

- c) Up to \$6.5 million in additional administrative fees for PHAs that have increased their leasing, exclusive of new units, since the baseline for administrative fees was established based on CY 2003 leasing. The Department will determine eligibility for this category of funding by comparing current leasing, defined as VMS leasing data from January 1, 2007 through June 30, 2007 multiplied times two, exclusive of new units awarded since 2003, to CY 2003 leasing. Funding will be awarded to PHAs that are found eligible under this category, with no action required by the PHAs. In the event there are insufficient funds, the Department will pro-rate each PHA's allocation under this category.
- d) Funds may be used for additional administrative fee needs as determined by the Department.
- **5. PAPERWORK REDUCTON ACT.** The additional information collection requirements contained in this document are pending approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). The OMB control number is 2577-0169. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Any questions concerning this Notice should be directed to the Housing Voucher Financial Management Division, Office of Public Housing and Voucher Programs, at (202) 708-2934 (this is not a toll-free number).

Paula O. Blunt, General Deputy Assistant Secretary for Public and Indian Housing